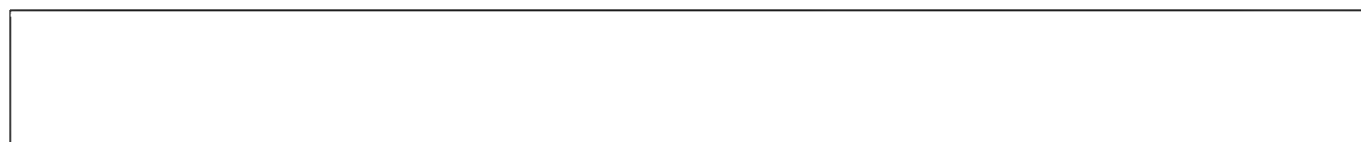




CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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4 FEBRUARY 1965

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LAOS



DAILY BRIEF
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1. France

The French foreign office has told the US Embassy confidentially that soundings are being taken with the Chinese Communists and the North Vietnamese regarding their attitude toward a negotiated settlement in South Vietnam. The French have long been interested in negotiations to neutralize Indochina.

They claim that the Chinese took the initiative on this occasion, asking France both to take a more active role in Vietnam and to approach Washington regarding a negotiated settlement.

So far the talks in Paris have apparently been limited to generalities. Although the North Vietnamese delegate has displayed an interest in the discussion, no direct word from Hanoi has been forthcoming as yet.

While awaiting the North Vietnamese reply, the French plan further exploratory talks this week with the Chinese and with the Soviets.

2. Laos

Order has been restored in Vientiane by forces loyal to the government. Pockets of rightist rebels continue sporadic resistance north and east of the capital.

Premier Souvanna is highly jubilant over the outcome and believes that General Phoumi is finished for good. Phoumi's whereabouts is still unknown. He may be able to round up enough support to cause more trouble.

The Communists have not yet made a significant move to exploit the confusion in the anti-Communist ranks. They have, however, kept the pressure up east of Thakhek. (Map)

3. South Vietnam

General Khanh has assured his colleagues on the Armed Forces Council that he does not intend to take over the government. Ambassador Taylor believes that there is a good chance Khanh will try to keep Chief of State Suu in office as his puppet.

Meanwhile, top military officers met today with prospective members of the joint council which is supposed to name a chief of state and premier in the next few days.

Approaches by Vietnamese to US officials in Saigon indicate that there is a deep suspicion of Khanh all around. A plot by junior grade officers to capture or kill him was uncovered today and the plotters arrested.

The lunar New Year's "truce" observed by the Viet Cong ends Saturday.

4. Cyprus

Communal tempers are on the rise again. US officials on the island report that the situation in the eastern port of Famagusta is rapidly approaching the flash point.

Meanwhile, Archbishop Makarios has indicated he plans restrictive actions in relation to the Turkish military contingent. If carried out, these are sure to inflame the Turks.

5. Italy

Negotiations are "practically finished" on the extension of Italian credits to the USSR. The Italians are offering some \$60 million, a quarter of which is to be used to finance purchases in Italian shipyards. The credits will probably run to well over five years.

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